

Message Text

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SUBJ: COMMITTEE ON FOOD AID POLICIES AND PROGRAMS - CFA 3

ASSESSMENT OF REQUIREMENTS AND TARGETS FOR CEREALS

(ITEM 7B)

1. THE DOCUMENT FOR AGENDA ITEM 7B IS PRIMARILY A THINK PIECE ON POSSIBLE METHODOLOGY FOR AN IMPROVED ASSESSMENT OF FOOD AID REQUIREMENTS FOR DEVELOPING COUNTRIES. WHILE THE PURPOSE WOULD BE A REASSESSMENT OF THE TARGET ADOPTED BY THE WORLD FOOD CONFERENCE OF 10 MILLION TONS OF GRAIN PER YEAR, CONTINUOUS UPDATING OF SUCH A STUDY ALSO OBVIOUSLY WOULD SERVE OTHER PURPOSES. THE DECISION POINT FOR CFA IS WHETHER TO REQUEST THE EXECUTIVE DIRECT TO UNDERTAKE SUCH AN ASSESSMENT, WHICH WOULD INVOLVE INTERAGENCY COOPERATION (FAO, IMF, THE WORLD BANK AND THE UN). UNDER-LYING SUCH A DECISION IS THE JUDGMENT AS TO WHETHER THE METHODOLOGY PROPOSED IS ACCEPTABLE OR COULD BE IMPROVED UPON.

2. SINCE THE STARTING POINT IS CONSIDERATION OF THE 10 BILLION TON TARGET, THE PAPER RECOGNIZES THAT THE ENTIRE FOOD NEEDS OF DEVELOPING COUNTRIES MUST BE ESTIMATED AND ADJUSTED BY A SERIES OF VARIABLES INCLUDING PRODUCTION AND COMMERCIAL IMPORT ABILITIES (BALANCE OF PAYMENTS CONSTRAINTS), IN ORDER TO

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ARRIVE AT A RESIDUAL FOOD AID REQUIREMENT. ONE WAY OF APPROACHING THE PROBLEM WOULD BE A GLOBAL "COMPARATIVE ANALYSIS" OF THE TARGET WITH TRENDS ON IMPORT REQUIREMENTS AND APPARENT ABILITY TO PAY. THE PAPER CONCLUDES THAT SUCH AN APPROACH WOULD PROVIDE USEFUL BACKGROUND FOR THE COMMITTEE'S DISCUSSION BUT WOULD NOT BE SUFFICIENT FOR REACHING A CONCLUSIVE JUDGMENT, I.E. REVISED TARGET. (SEE PARA 6)

3. THE PAPER CONCLUDES THEREFORE THAT SUCH AN ANALYSIS SHOULD BE COMBINED WITH A COUNTRY BY COUNTRY ASSESSMENT (LARGELY A "SELF ASSESSMENT" FOLLOWED BY AN INTERAGENCY TECHNICAL ANALYSIS OF THE RESPONSES FROM POTENTIAL RECIPIENT COUNTRIES) BUT THEN PROBABLY, PARTLY FOR REASONS OF CONFIDENTIALITY, ASSEMBLED AND MADE PUBLIC BY SUB-REGIONAL AND GLOBAL AGGREGATES.

4. THE COUNTRY COVERAGE SUGGESTED IS THE MSA COUNTRIES, THE LEAST DEVELOPED AND "OTHER DEVELOPING COUNTRIES THAT HAVE RECEIVED FOOD AID IN RECENT YEARS OR THOSE WHOSE BALANCE OF PAYMENTS OR FOOD SITUATION MIGHT SUGGEST THE NEED FOR FOOD AID." THE STUDY ALSO WOULD TRY TO DISTINGUISH BETWEEN THE "STABLE COMPONENT" OF FOOD AID (PROJECTS, INCLUDING NUTRITION INTERVENTION AND VULNERABLE GROUP FEEDING; DEVELOPMENT SUPPORT, ESPECIALLY THE STIMULATION OF RURAL EMPLOYMENT AND FOOD PRODUCTION; FOOD SECURITY ACTIVITIES INCLUDING BUILDING AND REPLENISHING STOCKS) AND THE VARIABLE COMPONENT WHICH WOULD BE ESTIMATION OF TOTAL DEMAND LESS PRODUCTION AND COMMERCIAL IMPORTS.

5. THERE ARE SEVERAL POSSIBILITIES FOR A US POSITION, RANGING FROM FULL SUPPORT OF THE PROPOSED ASSESSMENT TO A REITERATION OF THE CONCEPT THAT THE PRESENT TARGET IS ADEQUATE FOR WORKING PURPOSES (IN ANY EVENT IT HAS NOT YET BEEN REACHED), THAT THE MARGIN OF ERROR INHERENT IN THE PROPOSAL IS SO GREAT AS TO MAKE A REVISED TARGET NO MORE VALID THAN THE PRESENT ONE, AND THAT NO ADDITIONAL COMPREHENSIVE STUDY IS REQUIRED IN VIEW OF THE WORK ALREADY GOING ON. IN THIS CONNECTION FAO CONSTANTLY IS ATTEMPTING TO IMPROVE THE EARLY WARNING SYSTEM, WITH PARTICULAR UNCLASSIFIED

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ATTENTION TO THE NEEDS FOR A YEAR AHEAD OF THE 45 MSA COUNTRIES. IT COULD BE ARGUED THAT FURTHER EFFORTS IN THIS DIRECTION, WHICH HELPS PROVIDE A BASIS FOR MEANINGFUL OPERATIONAL DECISIONS, ARE MORE SIGNIFICANT THAN DIVERSIONS DIRECTED TO A "CONCLUSIVE JUDGMENT" ON A REVISED GLOBAL TARGET WHICH IN ITSELF IS OF QUESTIONABLE VALUE.

6. A SECOND STAGE WOULD BE TO COMBINE THIS APPROACH WITH SUPPORT OF THE LIMITED "TRENDS" STUDY (PARA 2 ABOVE), COUPLED WITH A REEXAMINATION OF THE BASIC DATA USED IN THE 10 MILLION TON CONCLUSION. (NOTE: ONE OF THE "TRAPS" IN THE PROPOSED STUDY IS THAT IT TENDS TO REGARD FOOD IMPORTS AS THE ITEM AT THE MARGIN IN BALANCE OF PAYMENTS CONSIDERATIONS, I.E., TO OVERSIMPLIFY, IF ALL THE MONEY IS NEEDED FOR OIL IMPORTS THE FOOD IMPORTS AUTOMATICALLY QUALIFY AS A FOOD AID REQUIREMENT). IN THIS WAY GLOBAL TARGETS COULD BE LOOKED AT AT FAR LESSER COST AND, GIVEN THE INHERENT VAGARIES IN THIS EXERCISE, ON A BASIS PROBABLY AS RELIABLE AS THE MORE EXTENSIVE ASSESSMENT.

7. OTHER VARIATIONS ARE POSSIBLE BEFORE THE ULTIMATE POSITION OF TAKING THE LEAD IN ASSERTING THE IMPORTANCE OF FURTHER AND CONTINUED DETAILED EXAMINATION OF TOTAL FOOD REQUIREMENTS (AND FOOD AID TARGETS) AND FULL SUPPORT TO THE CFA AS THE LEAD AGENCY IN THIS FIELD, ONE OF THE PRIME PURPOSES FOR ITS RECONSTITUTION. EVEN SO, THE PROPOSED METHODOLOGY NEEDS CONSIDERABLE REFINEMENT, AND ONE QUESTION WHICH SHOULD BE RAISED IS WHETHER FOR MOST COUNTRIES THE STATE OF THE ART IS NOT ALREADY MUCH FURTHER ADVANCED THAN STARTING WITH A BASIC QUESTIONNAIRE TO EACH PROSPECTIVE RECIPIENT COUNTRY, WHICH MAY WELL RESULT IN A SERIES OF UNREASONABLE "ASKING PRICES".GARDNER

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